



Department of Justice

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JUSTICE DEPARTMENT ADVISES FCC OF CONCERNS ABOUT SBC's APPLICATION TO PROVIDE LONG DISTANCE SERVICES IN MICHIGAN

Department Reiterates Concerns about Billing Accuracy

WASHINGTON, D.C. - The Department of Justice today advised the Federal Communications Commission (FCC) that it could not support SBC's re-filed application to provide long distance services in Michigan on the basis of the current record. The Department found that serious questions remain regarding SBC's billing accuracy. The Department, however, did not foreclose the possibility that the FCC could satisfy itself that these concerns have been adequately addressed prior to the conclusion of its review of the re-filed application.

The Department voiced concerns about billing in its evaluation of SBC's earlier application for long distance authority in Michigan, which was withdrawn from FCC consideration in April.

"SBC has made significant strides in opening its Michigan markets, as demonstrated by the high levels of entry achieved to date," said R. Hewitt Pate, Assistant Attorney General in charge of the Department's Antitrust Division. "Questions remain, however, regarding the accuracy of SBC's wholesale billing. These concerns merit the FCC's careful attention."

The Department noted that SBC had made progress in improving its billing accuracy, and has satisfactorily addressed many of the issues raised in the Department's earlier evaluation. The Department concluded, however, that SBC has not shown that the remaining billing problems are insignificant or that they have been adequately addressed.

The Department provided its competitive analysis in an evaluation of SBC's application to provide long distance services in Michigan under Section 271 of the Telecommunications Act of 1996.

Since the break-up of the integrated Bell system as part of the AT&T divestiture, the independent Bell Operating Companies, or BOCs, have been barred from providing long distance services in their respective regions, first as part of the divestiture decree, and now under the terms of the Telecommunications Act. Under Section 271 of the Act, a BOC, such as SBC, may not provide in-region long distance services until it demonstrates to the FCC that it has met a variety of legal requirements designed to open the local telecommunications markets in a particular state to competition.

In considering whether to approve a BOC's application for long distance authority in a particular state, the FCC must consult with the Department of Justice and give "substantial weight" to its assessment of competitive conditions and whether the BOC should be allowed to provide in-region long distance services.

SBC filed its application with the FCC on June 19, 2003. Under the terms of the Act, the FCC must approve or deny the application within 90 days. A copy of the Department's evaluation will be available at: <http://www.usdoj.gov/atr/public/comments/sec271/sec271.htm>.

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